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U.S. May Halt All Peru Help

Company Seizure May Force Action

By JOE M'GOWAN JR.

LIMA, Peru (AP) — The U.S.-owned International Petroleum Co. has failed in attempts to negotiate with Peru over the military government's seizure of IPC facilities. As a result, Washington may be forced to halt all aid to Peru.

Members of the American business community here expressed fears Wednesday that cutting off aid might bring a surge of anti-Americanism and that the Peruvian government might retaliate by expropriating other U.S. property. U.S. investments in Peru total about $605 million.

Peru seized the last of IPC's holdings Tuesday, claiming the company owes $15 million for petroleum products bought from the Talara refinery. The refinery formerly belonged to IPC, a subsidiary of Standard Oil of New Jersey. It was taken over, along with the company's northern Peruvian oilfield, last Oct. 9.

AGENCY TAKES OVER

The state oil agency, Empresa Petrolera Fiscal, took charge of all IPC property in Peru. It asked about 15 American executives of the firm to leave their posts. They were not ordered out of the country, but IPC said they would be flown to the United States.

IPC President James Dean flew to Coral Gables, Fla:, Tuesday night, appearing discouraged over the situation. An IPC advertisement in Lima newspapers Wednesday claimed Peru is forcing "economic annihilation" of the company.

Company officials indicated all attempts had failed to open negotiations with the Peruvian oil agency over the expropriations.

In Washington, State Department spokesman Robert McCloskey said Wednesday that if negotiations were not under way by April 9, the Nixon administration would have no alternative but to take answering steps under the Hickenlooper Amendment.

END TO SUGAR

This calls for cutting off all aid to any foreign nation that refuses to negotiate on expropriation of U.S. property. The United States also would stop buying Peruvian sugar.

U.S. economic aid to Peru last year was $15 million, military aid was $6 million, and the United States bought $45 million worth of Peruvian sugar.

A likely target of any Peruvian reprisal seizure, many observers believe, would be the Peruvian Telephone Co., a subsidiary of International Telephone and Telegraph Co. The company's dealings with the previous Peruvian administration have been questioned.

The subsidiary here of Xerox Corp. already has come under attack by the new government, but officials at Xerox corporate headquarters in Rochester, N.Y., said they believed the subsidiary was not in danger of being taken over.

VIOLATION SEEN

Xerox recently was accused of violating import laws and its manager, Len Ferrie, was held in custody until a court absolved him and the company. Gen Armando Artola, minister of government, expressed dissatisfaction with the ruling and has ordered the case reopened.

The Peruvian Xerox subsidiary was accused of importing copying machines under the category of press material. The military government claimed they should have been listed as photographic material, which carries a higher duty.

Ferrie was not jailed but was held in an apartment at a Lima clinic for about three months until the favorable court ruling was handed down.

ITT came under attack Wednesday from El Comercio, a leading newspaper that led the fight against International Petroleum.

El Comercio said the government should make a special study of Monday's bid for a telephone expansion in Peru. It asserted the ITT subsidiary was one of only two bidders and there was an absence of bids from other large international firms.

The editorial asserted a Senate commission had found indications of irregularities in a contract between ITT and the regime of President Fernando Belaunde Terry, who was overthrown by the military last Oct. 3.

SOME HOSTILITY

Since the takeover, the military regime has shown some hostility to the United States and a growing interest in ties with Communist nations.

Foreign Minister Gen. Edgardo Mercado Jarrin announced Tuesday night Peru would establish diplomatic relations with the Soviet Union and the Russian ambassador will arrive in Lima Friday. He added that a Soviet commercial delegation will come to Peru Feb. 5 to talk trade.

The revolutionary government of Gen. Juan Velasco Alvarado has established diplomatic relations with Yugoslavia, Romania and Czechoslovakia and commercial relations with Poland.

RUSSIAN VESSELS CROSS BOSPORUS

ISTANBUL, Turkey (AP) — A Soviet cruiser escorted by a destroyer crossed the Bosporus Strait Wednesday en route to the Black Sea, the semiofficial Anatolia news agency reported.

Both warships were returning home from a Mediterranean mission.

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